

SENATE BILL No. 339

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-31-14.

Synopsis: Daily fantasy sports. Provides that paid fantasy sports games conducted in accordance with the paid fantasy sports game statute do not constitute gambling. Provides that paid fantasy sports games may be conducted through an Internet web site maintained and operated by a game operator or on the premises of certain licensed facilities under a contract between a game operator and the owner of the licensed facility. Provides for the regulation of paid fantasy sports games by the paid fantasy sports division of the horse racing commission. Appropriates to the division fees and civil penalties collected by the division. Provides that an individual must be at least 18 years of age to participate in a paid fantasy sports game. Provides that any prize awarded in a paid fantasy sports game must be made known before the paid fantasy sports game begins. Requires a game operator to implement certain procedures concerning: (1) preventing certain individuals from competing in paid fantasy sports games; (2) verifying that a game participant is at least 18 years of age; (3) allowing individuals to restrict themselves from entering paid fantasy sports games; and (4) disclosing the number of paid fantasy sports games a single game participant may enter.

Effective: July 1, 2016.

Ford, Alting, Yoder

January 7, 2016, read first time and referred to Committee on Public Policy.



Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 339

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-31-14 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2016]:

4 **Chapter 14. Paid Fantasy Sports**

5 **Sec. 1. A paid fantasy sports game conducted under this chapter**
6 **does not constitute gambling for purposes of IC 35-45-5.**

7 **Sec. 2. As used in this chapter, "confidential information"**
8 **means information related to the play of paid fantasy sports games**
9 **by game participants obtained solely as a result of or by virtue of**
10 **a person's employment.**

11 **Sec. 3. As used in this chapter, "division" refers to the paid**
12 **fantasy sports division established by section 10 of this chapter.**

13 **Sec. 4. As used in this chapter, "game operator" means a person**
14 **who is engaged in the business of professionally conducting paid**
15 **fantasy sports games for cash prizes for members of the general**
16 **public.**

17 **Sec. 5. As used in this chapter, "game participant" means an**



individual who participates in a paid fantasy sports game offered by a game operator.

Sec. 6. As used in this chapter, "licensed facility" means any of the following:

- (1) A satellite facility licensed under IC 4-31-5.5.
- (2) A riverboat (as defined by IC 4-33-2-17).
- (3) A gambling game facility operated under IC 4-35.

Sec. 7. As used in this chapter, "licensee" means any of the following:

- (1) A permit holder (as defined by IC 4-31-2-14).
- (2) A licensed owner (as defined by IC 4-33-2-13).
- (3) An operating agent (as defined by IC 4-33-2-14.5).

Sec. 8. As used in this chapter, "paid fantasy sports game" means any fantasy or simulation sports game or contest that meets the following conditions:

- (1) The values of all prizes and awards offered to winning game participants are established and made known to the game participants in advance of the game or contest.
- (2) All winning outcomes reflect the relative knowledge and skill of the game participants and are determined predominantly by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events.
- (3) No winning outcome is based on the score, point spread, or performance or performances of any single team or combination of teams, or solely on any single performance of an individual athlete or player in any single event.

Sec. 9. As used in this chapter, "person" means any association, corporation, limited liability company, fiduciary, individual, joint stock company, joint venture, partnership, sole proprietorship, or other private legal entity.

Sec. 10. The paid fantasy sports division is established within the commission.

Sec. 11. The division may do the following:

- (1) Investigate and reinvestigate applicants, game operators, and licensees with whom a game operator has entered into a contract under section 12 of this chapter.
- (2) Investigate alleged violations of this chapter.
- (3) Take appropriate administrative enforcement or disciplinary action against a person who violates this chapter.
- (4) Conduct hearings.
- (5) Issue subpoenas for the attendance of witnesses and



subpoenas duces tecum for the production of books, records,
and other relevant documents.

(6) Administer oaths and affirmations to witnesses.

Sec. 12. A game operator may:

(1) conduct one (1) or more paid fantasy sports games
through an Internet web site maintained and operated by the
game operator; or

(2) contract with a licensee to conduct one (1) or more paid
fantasy sports games on the premises of a licensed facility.

Sec. 13. (a) A game operator must:

(1) be authorized to transact business in Indiana under IC 23;
and

(2) pay to the division the initial fee imposed under subsection
(b).

(b) A game operator shall pay to the division an initial fee of five
thousand dollars (\$5,000) for the privilege of conducting paid
fantasy sports games under this chapter.

(c) A game operator shall annually pay to the division a five
thousand dollar (\$5,000) fee on the anniversary date of the
payment made under subsection (b) to renew the privilege of
conducting paid fantasy sports games under this chapter.

(d) The division shall deposit all fees received under this section
in the state general fund. Money deposited under this subsection is
continuously appropriated to the division for the division's use in
administering this chapter.

Sec. 14. A game operator must do the following before
beginning to conduct paid fantasy sports games under this chapter:

(1) Provide written notice to the division of the game
operator's intent to conduct paid fantasy sports games under
this chapter.

(2) Submit for the division's approval any proposed contract
with a licensee through which the game operator intends to
conduct paid fantasy sports games under this chapter.

(3) Submit a plan for doing the following:

(A) Verifying the identity and age of patrons who wish to
participate in a paid fantasy sports game conducted under
this chapter.

(B) Maintaining the security of the identifying and
financial information of game participants participating in
paid fantasy sports games conducted under this chapter.

(C) Promoting paid fantasy sports games conducted under
this chapter in a manner that accurately describes the



1 relationship between the game operator and a licensee.

2 **Sec. 15. (a)** A licensee that enters into a contract with a game
3 operator to conduct paid fantasy sports games on the premises of
4 the licensee's licensed facility shall pay to the division:

5 (1) an initial fee of five thousand dollars (\$5,000) for the
6 privilege of conducting paid fantasy sports games under this
7 chapter; and

8 (2) in each calendar year thereafter, a five thousand dollar
9 (\$5,000) fee on the anniversary date of the payment made
10 under subdivision (1) to renew the privilege of conducting
11 paid fantasy sports games under this chapter.

12 (b) The division shall deposit all fees received under this section
13 in the state general fund. Money deposited under this subsection is
14 continuously appropriated to the division for the division's use in
15 administering this chapter.

16 **Sec. 16.** A game operator may charge an entry fee to participate
17 in a paid fantasy sports game conducted under this chapter.

18 **Sec. 17.** An individual must be at least eighteen (18) years of age
19 to participate in a paid fantasy sports game conducted under this
20 chapter.

21 **Sec. 18.** Any prize awarded in a paid fantasy sports game must
22 be made known before the fantasy game begins. The value of a
23 prize awarded in the paid fantasy sports game may not be
24 determined by the number of game participants in the paid fantasy
25 sports game or the amount of entry fees paid by the game
26 participants.

27 **Sec. 19.** A game operator shall implement procedures to do the
28 following:

29 (1) Prevent employees of the game operator or a licensee with
30 whom the game operator has entered into a contract under
31 section 12 of this chapter, and any relative of an employee
32 living in the household of the employee from competing in a
33 paid fantasy sports game in which the cash prize exceeds five
34 dollars (\$5).

35 (2) Prevent an owner, director, or officer of the game
36 operator or a licensee with whom the game operator has
37 entered into a contract under section 12 of this chapter from
38 being a game participant in any paid fantasy sports game
39 offered by the game operator.

40 (3) Prevent employees of the game operator or a licensee with
41 whom the game operator has entered into a contract under
42 section 12 of this chapter from sharing confidential



information that could affect paid fantasy sports game play with third parties until the information is made publicly available.

(4) Verify that a game participant is at least eighteen (18) years of age.

(5) Prevent an individual who is a player, game official, or other participant in an actual sporting event or competition from participating in any paid fantasy sports game that is determined in whole or in part on the performance of that individual, the individual's actual team, or the accumulated statistical results of the sporting event or competition in which the individual is a player, game official, or other participant.

(6) Allow individuals to restrict themselves from entering paid fantasy sports games.

(7) Disclose the number of paid fantasy sports games a single game participant may enter.

Sec. 20. A game operator shall take reasonable steps to do the following:

(1) Prevent the participation in paid fantasy sports games of individuals who have restricted themselves from entering paid fantasy sports games.

(2) Prevent game participants from entering more than the maximum number of allowed paid fantasy sports games.

Sec. 21. A game operator shall segregate the funds of game participants from the operational funds of the game operator.

Sec. 22. For the protection of the funds of game participants held in paid fantasy sports game accounts, a game operator shall maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination of these sources that is equal to the amount of money deposited in paid fantasy sports game accounts of game participants.

Sec. 23. A game operator shall contract annually with a certified public accountant to perform a financial audit of the game operator's paid fantasy sports game operations under this chapter to ensure compliance with this chapter. The game operator shall submit the results of the audit to the division. The same certified public accountant may not perform more than two (2) consecutive financial audits for a game operator under this section.

Sec. 24. The division may impose a civil penalty upon a game operator, a licensee, or an employee of a game operator or a licensee for a violation of this chapter. The maximum amount of a civil penalty imposed under this section for a particular violation



1 is one thousand dollars (\$1,000). The division shall deposit all civil
2 penalties received under this section in the state general fund.
3 Money deposited under this section is continuously appropriated
4 to the division for the division's use in administering this chapter.

5 Sec. 25. Entry fees and other revenues received by a licensee
6 under a contract with a game operator for conducting paid fantasy
7 sports games are not considered to be received from a licensee's
8 gaming operations and are not subject to:

- 9 (1) a wagering tax imposed under IC 4-33-13 or IC 4-35-8;
10 (2) the fee imposed under IC 4-35-8.5;
11 (3) the distribution required under IC 4-35-7-12; or
12 (4) any other tax or fee imposed upon a licensee under
13 IC 4-31, IC 4-33, or IC 4-35.

